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I. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:

WARRANTS SIGNED:

2. Compliance Requirement:

- All county warrants issued, except those drawn on the redemption fund, are to be signed by the county clerk and the chairman of the board of county commissioners. (Section 7-6-2601(1), MCA)
(Note: a "warrant" includes a check and an electronic funds transfer)

Suggested Audit Procedure:

- As part of expenditure testing, verify that all warrants contain the signatures of the county clerk and the chairman of the board of county commissioners.

WARRANTS ISSUED AND PAID:

3. Compliance Requirement:

- All warrants issued by the county clerk during each year must be numbered consecutively. The number, date, and amount of each warrant, the name of the person to whom it is payable, and the purpose for which it is drawn must be stated on the warrant. Warrants must, at the time they are issued, be registered by the county clerk. (Section 7-6-2601, MCA)

(Note: Effective April 28, 2005 – All payments to the state treasurer or a state agency must be made by electronic funds transfer if requested by the state treasurer or the state agency and if the county has the technology to conduct electronic funds transfers.)

Suggested Audit Procedure:

- As part of expenditure testing, verify that all warrants were issued consecutively and included the date, amount, name of the person to whom it is payable, and the purpose for which it was drawn.

4. Compliance Requirements:

- The county treasurer may not pay any order or warrant except to the payee of the warrant or to the payee's agent, assignee, or legal representative, whose authority must be in writing and delivered to the county treasurer. The written authority must be returned with the order or warrant, when paid, to the board of county commissioners. (Section 7-6-2602, MCA)
- The designated county treasurer shall pay out, in the order registered, all warrants presented for payment when there are funds in the treasury to pay the warrants (Section 7-6-612, MCA) **(Note: See compliance step #9 - Registered Warrants)**

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I. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:

OUTSTANDING WARRANTS:

8. Compliance Requirements:

- All warrants remaining outstanding for a period of one year or longer should be canceled by action of the board of county commissioners. This action should be noted in the official minutes of the board. (Section 7-6-2607(2), MCA)

(Note: Although the warrant may be canceled after one year, it appears the county obligation is not terminated until after 8 years, the time (statute of limitations) specified by Section 27-2-202(1), MCA. (A.G.O. No. 1, Vol. 21))

(Note: Effective April 2003, Section 70-9-802(13)(b), MCA, provides that the provisions of the Uniform Unclaimed Property Act are no longer applicable to property held by a local government entity. Accordingly, cancelled warrants are no longer considered to be abandoned property for this purpose.)

Suggested Audit Procedure:

- Review a listing of outstanding warrants at June 30, and determine whether any have been outstanding for one year or longer. If so, verify that the warrants have been subsequently cancelled by the board of county commissioners and that such action is noted in the official minutes of the board.

REGISTERED WARRANTS:

9. Compliance Requirement:

- If there is insufficient money in a fund upon which a warrant is drawn, the county treasurer must register the warrant, and indicate on the warrant "Not paid for want of funds in the treasury." From and after the date of registration, the warrant is to draw interest at a rate which is determined by the board of commissioners (or by the board of trustees, in the case of school district warrants). School district warrants drawn on budgeted funds are required by Section 20-9-212(8), MCA, to be registered only if there is insufficient money in all funds of the district. When there is sufficient money to pay a registered warrant, the treasurer must give notice as required by Section 7-1-2121, MCA. Warrants cease to draw interest from the first publication of this notice, and are to be paid in the order in which they are presented. (Sections 7-6-2603 through 7-6-2606, MCA)

Suggested Audit Procedure:

- Determine if, during the audit period, any warrants were drawn on funds with insufficient money. If so, verify that the warrants were registered and the above procedures were followed. The county treasurer should maintain a "register of registered warrants" in some form to document the date of presentation, the amount of interest earned, and the date of payment of each registered warrant.

